

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7079**

**BILL NUMBER: HB 1156**

**DATE PREPARED: Mar 5, 2001**

**BILL AMENDED: Mar 5, 2001**

**SUBJECT: Motor Vehicle Dealers.**

**FISCAL ANALYST: James Sperlik**

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**FUNDS AFFECTED:      GENERAL  
                              X DEDICATED  
                              FEDERAL**

**IMPACT: State**

**Summary of Legislation:** (Amended) This bill: 1) defines "relevant market area" for a motor vehicle dealer. It requires a franchiser to give notice to each new motor vehicle dealer within the relevant market area where the same line make is represented before the franchiser enters a franchise establishing or relocating a new motor vehicle dealer within the relevant market area; 2) allows a new motor vehicle dealer to bring a declaratory judgment action to determine whether good cause exists for the establishing or relocating of a proposed new motor vehicle dealer; 3) provides that it is an unfair practice for a motor vehicle manufacturer or dealer to establish or acquire wholly or partially a franchiser-owned outlet engaged in a business substantially identical to that of a franchisee within the exclusive territory granted the franchisee by the franchise agreement; 4) amends the law on the succession to a motor vehicle dealership franchise; 5) provides that a Temporary Vehicle Delivery Permit is valid for 96 hours rather than for 48 hours; 6) provides for a registration category and fee for certain truck and tractors with a declared gross weight of greater than 10,000 pounds and equal to or less than 11,000 pounds; 7) provides that a court may require a person to attend and complete a driver improvement course with an assessment to cover the direct cost of the course that may not exceed \$30 for a classroom presentation or \$40 for a distance learning presentation.

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** (Revised) 1) Definition of "relevant market area" for a motor vehicle dealer; 2) allowing a new motor vehicle dealer to bring a declaratory judgment action to determine whether good cause exists for the establishing or relocating of a proposed new motor vehicle dealer; 3) unfair practice to establish or acquire wholly or partially a franchiser-owned outlet; and 4) amendment of the law on the succession to a motor vehicle dealership franchise will have no fiscal impact.

5) *Temporary Vehicle Delivery Permits:* In CY 1999, 7,135 Temporary Vehicle Delivery Permits valid for 48 hours were issued by the Bureau of Motor Vehicles (BMV). Changing the duration of the permit to 96 hours will have little, if any fiscal impact on the BMV. The fund affected is the Motor Vehicle Highway Account which supports the BMV.

6) *New registration category and fee for certain trucks and tractors:* This part creates a truck TK 10 (10,000 lbs.) at a fee of \$70 and increases the fee for a truck TK 11 (11,000 lbs.) to \$75. For the Bureau of Motor Vehicles (BMV), there will be expenditures for the following:

Start-Up Costs:	Computer Changes	\$21,950
	Update Manuals	\$3,000
	Additional Plates (23,000 @2.60 each)	<u>\$59,800</u>
	Total	\$81,750

Assumptions: One-half of the vehicles registered as a truck TK 11 in 1999 (44,745) will be able to change to a truck TK 10. The BMV will need to order 23,000 TK 10 plates initially @ \$2.60 each. The fund affected is the Motor Vehicle Highway Account which supports the BMV.

7) *Driver improvement courses with an assessment up to \$30 for a classroom presentation or \$40 for a distance learning presentation:*

The Bureau of Motor Vehicles already provides classroom teaching. These expenditures amount to approximately \$55,000 per year and amount to contractual agreements with the teachers. This amount should not change appreciably. The BMV notifies the driver(s) that they must take one of the courses. If the driver (s) wait until the last minute, they will be forced to take the distance learning course. The BMV does not provide a distance learning presentation. This arrangement occurs between the driver(s) and the vendors who provide the distance learning programs.

**Explanation of State Revenues:** (Revised) 5) *Temporary Vehicle Delivery Permits:*

In CY 1999, the revenue generated from the sale of the 7,135 permits amounted to \$33,892. These permits are for the purpose of transporting or delivering vehicles. Since each permit is valid for only one vehicle, there should be little or no change in permits sold. The funds affected are the Motor Vehicle Highway Account, the State License Branch Fund, which supports the Bureau of Motor Vehicles Commission, and the State Police Building Fund.

6) *New registration category and fee for certain trucks and tractors:*

Currently, \$19.50 for TK 11 registration is deposited into the Primary and Local Road and Street Account (\$19.50 x 22,372). For sales of the new TK10 plate, this \$19.50 is assumed to be deposited into the Motor Vehicle Highway Account, instead. In addition, 22,372 vehicles will purchase TK 11 at a \$5 increase. The Motor Vehicle Highway Account now would receive the \$19.50, along with the \$5 fee increase. The table below shows the impact on the two funds.

Revenue distribution change: Primary and Local Road and Street Account:	- \$436,254
Motor Vehicle Highway Account	+\$436,254
Motor Vehicle Highway Account	+\$111,860

Funds in the Primary and Local Road and Street Account are distributed as follows: 55% to the Department of Transportation and 45% to local units. Funds in the Motor Vehicle Highway Account are distributed as

follows: 53% to the Department of Transportation and 47% to local units.

*7) Driver improvement courses with an assessment up to \$30 for a classroom presentation or \$40 for a distance learning presentation:*

The BMV instructs about 12,000 drivers each year in the classroom. Changing the fee from \$25 to \$30 will mean an increase in revenue. Revenue has amounted to approximately \$300,000 per year. With the increase, annual revenue should amount to about \$360,000. The fund affected is the Motor Vehicle Highway Account. The fee for a classroom presentation is between the driver(s) and the vendors and does not include the BMV.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Bureau of Motor Vehicles.

**Local Agencies Affected:**

**Information Sources:** Cash Audit of the BMV for 1999; Melanie Schwartz, Deputy Commissioner of the BMV, 233-1218; Jane Morrical, Director of Treasury of the BMV, 232-2822.